

**New Issue: MOODY'S ASSIGNS MIG 1 TO TOWN OF CONCORD'S (MA) \$2.675 MILLION GO BOND
ANTICIPATION NOTES**

Global Credit Research - 28 Sep 2011

LONG-TERM Aaa RATING AND NEGATIVE OUTLOOK APPLY TO \$58 MILLION RATED LONG-TERM DEBT

Municipality
MA

Moody's Rating

ISSUE

RATING

General Obligation Bond Anticipation Notes, Series 2011 MIG 1

Sale Amount	\$2,675,000
Expected Sale Date	09/29/11
Rating Description	Bond Anticipation Notes

Opinion

NEW YORK, Sep 28, 2011 -- Moody's Investors Service has assigned a MIG 1 rating to the Town of Concord's (MA) \$2.675 million General Obligation Bond Anticipation Notes (dated October 12, 2011 and payable May 31, 2012). Proceeds of the notes will provide \$2.525 million in new money, short-term financing for several fiscal 2011 capital projects including school building and road improvements and equipment purchases. The \$150,000 remainder renews maturing notes originally issued for land acquisition. The notes are secured by the town's limited general obligation tax pledge as debt service has not been excluded from the limitations of Proposition 2 ½. Moody's maintains a long-term rating of Aaa on Concord's \$58 million in outstanding long-term debt; the outlook is negative.

SUMMARY RATINGS RATIONALE

The MIG 1 short-term rating incorporates Concord's strong long-term credit characteristics and an adequate history of access to capital markets in previous note sales. The Aaa long-term rating reflects a solid financial position supported by long-range planning and effective policies, a seasoned and effective management team, solid voter support for Proposition 2 ½ overrides and exclusions, moderate future growth potential relative to regional and national trends, an affluent tax base, and an affordable, aggressively-managed debt position with additional debt expected. Moody's negative outlook on Concord's Aaa rating is due to its indirect linkages to the weakened credit profile of the US government.

STRENGTHS:

- Wealthy, favorably located tax base with moderate growth potential
- Solid voter support for operating overrides and debt exclusions of Property 2 ½ limits
- Stable and strong financial position with good flexibility including unused property tax levy capacity and reserves held outside the general fund
- Effective approach to management including conservative budgeting and multiple-year planning

CHALLENGES:

- Declining state aid

DETAILED CREDIT DISCUSSION

FAVORABLE HISTORY OF MARKET ACCESS

Concord has demonstrated an ability to regularly access capital markets, having received eight bids on its most recent note sale dated May 26, 2011, four bids on its note sale dated January 29, 2009 and five bids on its note sale dated May 16, 2008. All bids were received from major regional and national financial institutions. Moody's believes that the town's underlying credit strength will permit adequate market access to refund this note issue, if necessary, at its May, 2012 maturity.

STRONG AND STABLE FINANCIAL POSITION

The town's overall financial position is expected to remain stable, despite pressure from declining state aid revenues, given the town's effective management team, comfortable reserve levels and strong history of voter support. Concord enjoys additional financial flexibility to absorb future budgetary pressures due to its moderate excess levy capacity and a strong history of voter approvals for overrides of Proposition 2 ½ for operations and capital projects. The town's fiscal 2010 financial statements show a significant surplus of \$6.6 million, however \$6.3 million represents state reimbursement for completed school projects; the \$6.3 million will be reserved for future related debt service. Undesignated general fund balance grew modestly to \$9.3 million, a solid 10.8% of general fund revenues, largely due to conservative revenue forecasting and tight expenditure controls. Since fiscal 2000, voters in the town have approved a total of over \$8.5 million in tax levy increases to support operations, providing the town flexibility in planning and avoiding significant service reductions. Additionally, voters have approved over \$90 million in Proposition 2 ½ debt exclusions in support of municipal and school capital projects, greatly relieving pressure on the town's operating budget. Voters also approved the Community Preservation Act (CPA) in 2004. The CPA allows the town to collect a 1.5% surcharge on the property tax levy and grants access to state matching funds. Together these funds have yielded over \$7.8 million, to date, to finance affordable housing, open space and historical preservation initiatives. To support operations the town relies heavily on property taxes, which accounted for

75.4% of operating revenues in fiscal 2010. Collection rates remain very strong at over 99% on a current-year basis.

Preliminary financial results indicated positive operations for fiscal 2011 with ending reserve levels slightly higher than those of fiscal 2010. Revenues performed \$1 million ahead to budget and expenditures \$500,000 under budget. A modest increase in free cash is projected, net of an \$850,000 appropriation toward the fiscal 2012 budget. The fiscal 2012 adopted budget includes an overall modest 3.35% expenditure increase, absorbs an additional 2% decrease in state aid and was balanced without an operating override of Proposition 2 1/2. The town's unused levy capacity is expected to be maintained at approximately \$1.9 million, and no layoffs of school or town employees were needed. The town maintains additional reserves for school debt service, pension and insurance costs which totaled roughly \$8.8 million (unaudited) at fiscal 2011 year end. Moody's anticipates that the town's historically conservative approach to budgeting and strong history of voter support for tax levy increases will maintain moderate flexibility in the medium term.

Concord's pension system was expected to be fully funded in fiscal 2012. However, after fiscal 2009 investment losses of roughly 25%, the town increased its pension appropriation in fiscal 2011 by 10% in anticipation of a funding schedule increase. As of January 1, 2010 the town's pension liability is 85.3% funded, and the revised funding schedule projects full funding by 2021, well ahead of the commonwealth's 2040 deadline. On achieving full funding of the pension system, the unfunded liability portion of the town's annual retirement contribution, \$1.78 million in fiscal 2011, is planned to be appropriated to begin funding its other post-employment benefit (OPEB) liability although this plan has been postponed due to the increase in unfunded pension liability. The unfunded actuarial accrued liability for OPEB has been valued at roughly \$44 million (assuming a 4.25% investment rate) and primarily covers 50% of retiree health insurance. The town currently appropriates just over \$1 million on a pay-as-you-go basis toward OPEB. Operating cash is invested fully in compliance within the Massachusetts statute (MGL chapter 44, section 55) establishing investment policy for municipalities, which prohibits certain high-risk investments and requires diversification among financial institutions. While pension and other trust funds are permitted wider investment options, the town reports negligible exposure to mortgage-backed securities.

WEALTHY SUBURBAN TAX BASE DEMONSTRATES RESILIENCE THROUGH RECESSION

Growth has begun to reappear in Concord's sizeable \$5 billion tax base. The 2011 assessed value increased very slightly by 0.4%, following two declines of 4.3% and 4.5% in 2009 and 2010, respectively. Concord experienced a period of strong market appreciation and moderate new development yielding five-year annual average growth of 11.4% from 2002-2007. Moderate new growth activity is expected to offset additional modest declines in fiscal 2012, and assessed value is projected to remain flat. Favorably located along the Route 128/I-95 corridor in Middlesex County, Concord is a mature suburb west of Boston (G.O. rated Aaa/stable outlook) with very strong income indices that continue to increase. Per capita income is 198% of the commonwealth and 238% of the national medians while median family income is 187.9% of the commonwealth and 231% of the nation. In addition to a professional residential population, the town also benefits from the presence of a modestly-sized, but stable commercial sector including health care, research and development, and office space. Town officials anticipate moderate medium-term expansion in the residential sector including up to 350 units of rental housing currently in progress. The town's equalized valuation has grown at an average annual rate of 2.4% over the last six years, driven primarily by market values of residential properties. In fiscal 2011 the average single-family home value increased slightly by 0.57% to \$840,000, and is valued among the highest in the commonwealth. Overall, the tax base remains very strong as evidenced by a very high 2011 equalized value per capita of \$318,769.

FAVORABLE DEBT PROFILE WITH SIGNIFICANT VOTER SUPPORT

Concord is expected to maintain an affordable debt position due to its modest 1.3% overall debt burden, an aggressive repayment schedule for non-excluded debt, steady anticipated tax base growth, and the town's commitment to pay-as-you-go capital financing, roughly \$1,560,000 in fiscal 2011. Since 1992 Concord's voters have approved twelve debt exclusions from Proposition 2 ½ for roughly \$75 million in school and town capital projects, relieving the impact of the associated debt service on general fund operations. Additionally, \$2.5 million in accumulated general fund reserves was transferred in fiscal 2009 to a capital projects stabilization account to offset additional debt service costs in the medium term. Concord and the Town of Carlisle (G.O. rated Aa1) plan to hold referendum votes to exclude debt service for renovation of the Concord Carlisle Regional High School, which has an initial project cost of up to \$85 million.

Debt service payments accounted for a manageable 8.5% of total fiscal 2010 expenditures, and the town repays its obligations at a satisfactory rate with 71.5% of principal retired within 10 years. Concord's amortization schedule has been extended significantly in recent years due to the issuance of approximately \$13 million in long-term debt through the Massachusetts Water Pollution Abatement Trust (MW/PAT rated Aaa/stable outlook) for a wastewater treatment plant project. However, the town remains in compliance with its adopted policy to amortize all tax-supported non-excluded borrowing within ten years and all debt voted exempt from Proposition 2 1/2 within 20 years. The town also maintains a policy that restricts total pay-as-you-go capital spending and tax-supported non-excluded debt service to 8% of budget. Concord expects to issue approximately \$20 million in bonded debt in support of its \$43 million capital improvement plan through fiscal 2016; debt service on approximately \$2.7 million is anticipated to be self-supporting through user fees. Concord has no exposure to variable or auction rate debt or swap agreements.

Outlook

Moody's negative outlook on Concord's Aaa rating is due to its indirect linkages to the weakened credit profile of the US government. The negative outlook relates to Moody's August 2 decision to confirm the Aaa government bond rating of the United States and assign a negative outlook. We believe that Concord's rating could be affected by a downgrade of the US government's rating. In the coming weeks we will assess Concord's degree of vulnerability to sovereign risk in terms of its reliance on capital markets, dependence on federal revenues, sensitivity to macroeconomic cycles, and available financial resources to offset risks related to the US government, in order to determine whether to maintain the negative outlook. Please see the Press Release from August 4 entitled "Moody's confirms Aaa ratings of 5 U.S. states and 303 other public finance issuers indirectly linked to U.S. Government bond rating; negative outlooks assigned" for more information this rating action.

WHAT COULD MOVE THE RATING DOWN:

- Downgrade of United States government bond rating
- Lack of voter support for operating and capital needs
- Erosion of reserves
- Significant decline in tax base and demographic profile

KEY STATISTICS

2009 population (estimated): 17,450 (+2.7% since 2000)

2011 Equalized Valuation: \$5.56 billion

2011 Equalized Value per capita: \$318,769

Average Annual Growth, Equalized Valuation (2005-2011): 2.4%

Median Family Income: \$115,839: (187% of commonwealth, 238% of nation)

Per Capita Income: \$51,477 (198% of commonwealth, 231% of nation)

FY10 General Fund balance: \$20.8 million (24.1% of General Fund revenues)

FY10 Unreserved General Fund balance: \$9.3 million (10.8% of General Fund revenues)

Overall debt burden: 1.3%

Amortization of principal (10 years): 71.5%

Rated long-term G.O. debt outstanding: \$58 million

The principal methodology used in this rating was Bond Anticipation Notes and Other Short-Term Capital Financings published in May 2007. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody.com.

Information sources used to prepare the rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service's information, confidential and proprietary Moody's Analytics' information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moody.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moody.com for the last rating action and the rating history.

The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moody.com for further information.

Please see www.moody.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Analysts

Susan Kendall
Analyst
Public Finance Group
Moody's Investors Service

Nicole Johnson
Backup Analyst
Public Finance Group
Moody's Investors Service

Geordie Thompson
Senior Credit Officer
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly

disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.